



USAID W-GDP Women's Employment for Economic Recovery Digital Financial Services Innovation Prize Request for Applications (RFA)

The USAID W-GDP WEER Project invites banks, financial intermediaries, microfinance institutions, mobile network operators and other financial service providers legally registered in Eswatini to apply for its DFS Innovation Prize! The one-year Innovation Prize provides funding to pilot or scale up financial products and services that meet the needs of underserved women entrepreneurs. **The Prize is open to any financial product that serves and supports women clients, but we prioritize products that utilize digital financial services or digital platforms and tools because of their potential to reach underserved rural women at scale.** Organizations wishing to apply should submit their applications to EswatiniInnovationPrize@grameenfoundation.org before 1 June 2021, using the **Application Form provided**. Applicants submitting proposals after the deadline will not be considered. Full proposal guidelines, eligibility criteria and submission requirements are provided below.

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1. Background

About the USAID W-GDP Women's Employment for Economic Recovery Project

The USAID W-GDP WEER Project is a three-year project implemented by the American Bar Association, Rule of Law Initiative (ABA ROLI) in partnership with Grameen Foundation USA and Kwakha Indvodza (KI). WEER works to increase women's participation in the Eswatini economy both as small business owners and as salaried workers through three main activity areas:

Legal Reform

- WEER works with a coalition of Eswatini CSO and private sector partners to advocate for legal reforms that enable women's participation in economic activities.

Access to Finance

- Financial Ecosystem Gap Analysis: WEER analyses women in Eswatini's needs and desires for financial products for business; financial products currently being offered by banks, microfinance institutions (MFIs), and mobile network operators; and identifies the gaps where new products are needed or existing products could be scaled up to improve women's business success.
- DFS Innovation Prize: WEER is awarding an Innovation Prize to provide financial and technical support to financial institutions and mobile network operators to pilot or scale financial products and services that meet the needs of women entrepreneurs, especially smallholder farmers.

Engaging men and private sector companies as champions of women's rights

- Corporate Gender Training: WEER supports private sector companies to improve gender, diversity and inclusion, and workplace harassment practices.

What is the DFS Innovation Prize?

The DFS Innovation Prize is a grant facility providing financial and technical assistance to financial service providers and mobile network operators in Eswatini to **pilot or scale up innovative financial products and services** that support underserved entrepreneurs' women's business growth. The Prize is open to any financial product that serves and supports women clients, but we prioritize products that utilize digital financial services or digital platforms and tools because of their potential to reach underserved rural women at scale. Each funded Innovation project will last 12 months.

Objectives of the Prize

The DFS Innovation Prize aims to:

- **Increase underserved women entrepreneurs' access to financial products and services for business growth**, through the development or scaling up of financial products and services that enable them to start new businesses, expand their existing businesses, or effectively sustain their existing businesses through crises and shocks.
- **Demonstrate to other financial service providers in the local market that rural and low-income entrepreneurs can be active, reliable users of digital financial services (DFS)**, and represent a profitable, commercially viable segment to serve. The beauty of DFS is that a large number of customers can be reached at scale with limited costs for financial service providers.

Key Expected Results of the Prize

USAID WEER expects that each winning Prize project will result in the following key outputs:

Expected Results of Each Innovation Prize Project

- At least 1 new financial product or delivery channel is developed or scaled up to a wider audience
- At least 5000 women in Eswatini have increased access to financial products for business
- At least 50 women take up financial products during the project period
- Qualitative changes in financial health

Project duration: Each funded Prize project will run for 12 months.

How do we define underserved women entrepreneurs?

By underserved women entrepreneurs, we are referring to any women owners of micro, small or medium enterprises who currently have limited access to finance due to long distances to financial institutions; inability to meet collateral, documentation, or KYC requirements; lack of financial products meeting their business needs; or any other related barrier.

What is the geographical scope of the Prize?

Applicants can apply to work in any region of Eswatini, while applications serving the most underserved regions of the country and serving the entire nation are both prioritized.

Types of Financial Products and Services Prioritized by the Innovation Prize

Grameen conducted a Financial Ecosystem Gap Analysis in February-March 2021 to identify gaps in the current market for financial products serving women entrepreneurs. Based on results of the Gap Analysis, we believe that the interventions and solution areas listed below have the strongest ability to achieve program objectives and broadly improve women's resilience and business outcomes. **Applications addressing one of these areas will be prioritized by the Innovation Prize Technical Committee.**

Value Chain Financial Products for Smallholder Producers, Small-Scale Traders and Input Suppliers in Priority Women-Centered Value Chains: These include Livestock (Beef, Leather, Dairy, Goat, Pig/Pork, Indigenous Chicken, Beekeeping) and Horticulture (Vegetable Gardening)

Financial Products and Solutions that Address Women Entrepreneurs Needs for Short-Term Working Capital. This could include short-term loans that enable traders to purchase goods for sale, pay for transport to transport goods to market, etc.

Alternative Collateral Financial Products and Solutions that Enable Women Entrepreneurs Without Formal Collateral to Access Business Loans: This could include loans with alternative or flexible collateral requirements rather than land titles.

1 Micro, small and medium enterprises in Eswatini are defined by the Government of Eswatini Revised Small, Micro, and Medium Enterprise Policy of Eswatini as having 0-60 employees, annual revenue (turn-over) of up to E8 million, and assets valued at up to E5 million. See <http://www.gov.sz/images/MSME-Policy.pdf> for more.

Alternative Credit Scoring and Loan Assessment Financial Products and Solutions that Enable Women Entrepreneurs Without Formal Credit Histories to Access Business Loans. This could include the use of alternative data like digital payments histories, cash flow analysis, or SME Scores to generate credit scores, dramatically expanding availability of loans that do not require formal credit histories, or any other innovative solution the applicant would like to offer.

New Delivery Channels to Increase Underserved Women Entrepreneurs' Access to a Range of Appropriate Savings, Credit, Insurance and Other Financial Products. This could be interoperable digital platforms that link women entrepreneurs to financial institutions; digital platforms catering to low-literacy users, etc.

Financial Products and Delivery Channels that Expand the Scale (Number of Women Reached by) and Quality of the Rural Financial Services that Women Are Already Using. A large proportion of borrowers in Eswatini use savings groups, stokvils, MFIs and cooperatives to access credit, but these loans are 1) not large enough to catalyse business growth; 2) not available to every member due to limited loaning funds; 3) subject to group conflict; 4) in the case of MFIs not available to all the women in the country who need them. WEER seeks solutions that increase the scale of these services through digitization/DFS or any other innovative solution the applicant would like to offer; and improve the quality of the services to better meet the needs of women entrepreneurs for example by improving the functioning of savings groups or SACCOs.

Financial Products and Solutions that Effectively Address Rural Women Entrepreneurs Reluctance to Adopt New and Formal Financial Products. These could include lower-risk financial products, savings group linkage and group loan products that help women transition from informal to formal financial services, strategic partnerships with trusted local actors and membership organizations with the ability to overcome rural women's trust barriers.

Needs-Appropriate Business Skills Training Bundled With Finance: Women entrepreneurs with strong business skills are more likely to repay their loans on time and grow their businesses. Applicants could propose highly relevant and needs-appropriate business skills training provided with business loans; and this training should be able to be delivered cost-effectively at scale and sustainably, potentially through digital platforms, Interactive Voice Response (IVR), SMS, agents who live near the clients, or any other innovative solution the applicant would like to offer.

As described above, Innovation Prize funds can be used to either pilot a new product, or scale up an existing product to a wider audience.

Financial Education Requirement: All Innovation Prize projects must include a component of financial education on the product being offered, and how to safely use financial services for business growth. At a minimum, the financial education should cover product terms and conditions, understanding loan costs, the meaning of financial terms and conditions, and how to select financial products and services that meet one's business needs. The financial education must be made available to end-users in a format that they can understand, including the appropriate local language, and education for low-literacy users where applicable.

Information About the Award: Financial and Technical Assistance Provided to Innovation Prize Winners

The USAID WEER Project will award Prize funds to at least two applicants. Innovation Prize winners will receive both financial assistance and technical assistance to implement their Innovation Pilots. The financial assistance includes grants of up to \$40,000 USD per winning application. The specific amount provided to each applicant will be based on their Innovation Pilot Budget.

Grameen Foundation will provide **technical assistance to Prize winners** in the implementation of their Prizes through three main areas:

1. **The results of the Financial Ecosystem Gap Analysis** informs applicants on what kind of products women entrepreneurs need and are willing to pay for; what their challenges are with the current financial products available and how products can be better made to meet the needs of women entrepreneurs. **All applicants should read the Gap Analysis (or at least the Executive Summary) before developing their Prize Application.**
2. Grameen will provide technical assistance to Prize Winners during the implementation of their Innovation Prize Pilots through both our Eswatini and U.S.-based technical staff, and through Grameen's Bankers Without Borders program. This includes working closely with Prize winners to design their final project workplans, monitoring and evaluation plans prior to the kickoff of your project.
3. Grameen will negotiate with government and donor-financing facilities to link Prize winners to guarantee and debt finance funds to de-risk the implementation of these important pilot projects.
4. Grameen will provide license to use its LedgerLink Digital Savings Group Platform (See information on LedgerLink on the Innovation Prize webpage) for any organization seeking to propose digitization of savings groups and savings group linkages and interested in gaining access to a digital savings group platform.
5. Grameen will provide access to its library of financial education materials to assist interested organizations in developing their own financial literacy curriculum.

Performance-Based Funding:

Winning Innovation Prize applicants will receive funds for their project in tranches (installments) over the project period, based on the completion of pre-determined project milestones. To ensure good grant stewardship, USAID WEER will not disburse a new tranche of funding until the previous project milestone has been completed. For illustration purposes, examples of project milestones could include market research completed, product deployed to target audience, and marketing activities conducted.



Bankers Without Borders volunteers are private sector experts from top U.S. and international companies in the finance, investment and data analytics sectors who will provide free short-term technical assistance support to Innovation Prize winners according to the interests and needs of the Prize winners. For example, a Bankers Without Borders volunteer can assist an organization to develop a business model for a financial product, to set up a data analytics framework to measure the success of their new financial products; or to support applicants to set up a social media and communications strategy for a new product.

For more information see www.bankerswithoutborders.com.

2. Eligibility Requirements

Who is Eligible to Apply for the Innovation Prize?

Any legally registered Eswatini institution providing financial products/services in Eswatini is eligible to apply. The applicant has to be licensed and conform to all regulations relevant to their operations.

This includes:

- **Commercial Banks**
- **Microfinance Institutions**
- **Micro-deposit Taking Institutions**
- **Savings and Credit Cooperatives (Stokvels or others)**
- **Finance Trusts**
- **Savings Group Facilitating Organizations**
- **Providers of Agricultural Input Finance**
- **Other Asset Finance Providers**

Partnerships (consortiums) of 2 or more organizations are also eligible to apply. In a partnership, the Lead Applicant must meet all the eligibility requirements described above. These partnerships could be strategic partnerships between banks and other financial intermediaries; between DFS providers and mobile network operators; between financial institutions and membership organizations with a built-in customer base; or any other partnership arrangement applicants think would be fruitful.

Cost Share Requirement and other Expectations of Prize Winners

- **Cost Share Requirement:** All Innovation Prize applicants must provide at least 1-to-1 in-kind or cash matching funds to the Prize grant provided by USAID WEER. This means if your organization's total grant request to USAID WEER is \$30,000 for an Innovation Prize project, then your organization must also provide at least \$30,000 in matching funds toward the project. Similarly, if your organization's total grant request to USAID WEER is \$15,000 for an Innovation Prize project, then your organization must provide at least \$15,000 in matching funds toward the project.

As mentioned above, the matching funds can be either in-kind in the form of staff time, materials, technology development costs, and other similar material costs and resources that go to developing or implementing your innovation. Or it can be in cash, in the form of actual matching funds. **Some examples of in-kind cost share costs which would be considered eligible are:**

- 1) If you have already done or will do the technology development for your innovation with your own funds, and are seeking funds from WEER to pilot test it, you can count the technology development as cost-share.
- 2) If you have already done or will do the focus group discussions/market research to refine your innovation with your own funds, and are seeking funds from WEER to pilot test it, you can count the market research costs as cost-share.

- 3) If you have already piloted your Innovation in a small geographic area and are seeking funding to scale it up, the costs of the pilot in the small geographic area can count as cost-share.
- 4) The cost of staff indirectly supporting the project but not included in the project budget (for example, headquarters management staff).

All in-kind cost share costs should be reasonable, and demonstrable with supporting documents such as timesheets, financial records, etc. **Please use the Innovation Prize RFA Questions and Answers Mechanism (described below) if you have a question about whether your cost-share is eligible.**

- **Knowledge-Sharing and Communications:** One of the main objectives of the Innovation Prize is to demonstrate to financial institutions in the Eswatini market that it is possible, and profitable to serve rural women entrepreneurs with financial products. To this end, USAID WEER expects Innovation Prize winners to document some learnings from their implementation; participate in USAID WEER workshops to disseminate the learnings to a wider audience; and participate in the development of case studies on their Innovation which will be shared with a wider audience. USAID WEER and the partner will have mutual agreement on the extent of data and insights that can be shared publicly.

Eligible costs

The following costs are considered eligible and may be included in an applicant's Innovation Prize grant request to USAID WEER.

All eligible costs must be:

- Incurred by the applicant during the project period (after the signature of the Innovation Prize performance-based agreement and up to the end of the grant period).
- Identifiable and verifiable, and recording in the accounting records of the applicant.
- In compliance with the fringe benefit, tax, and social security laws of Eswatini.
- Reasonable, justified and incurred through demonstrated sound financial management, in particular regarding economy and efficiency.

Here is a list of eligible costs:

- Technology, training, workshop/meeting, staff, travel, printing and market research costs directly related to the implementation of the project are eligible.
- Training for the employees of the institution applying for the grant, as long as it has been demonstrated that it will link directly to the project output. Unrelated trainings are not eligible.
- Investment costs directly attributable to the project, relating to research and innovation, are allowable.
- Staff costs related to management oversight, administrative support and office rental costs directly required for project implementation are eligible. These overhead and administrative costs should be justified.

Ineligible costs

The following costs are considered ineligible and may not be included in the applicant's grant request to USAID WEER:

- Loaning funds.
 - Loan guaranteeing funds, or any other provisions for losses or debts
 - Costs declared by the applicant which are already being paid through a grant financed from another donor.
 - Any costs not related to the implementation of the project.
 - Other costs considered unallowable by USAID funding, including purchase of alcoholic beverages, entertainment and luxury items, lobbying and fundraising for your organization, military spending, bad debts, paying interest on your loans, paying fines incurred by the organization, charcoal, and medical grade masks manufactured in the U.S.
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3. How to Apply and Application Selection Criteria

Where to Apply and Application Deadline

Applications should be submitted via email to EswatinInnovationPrize@grameenfoundation.org with the email subject: "Women's Financial Inclusion Innovation Prize"_Company Name on or before the **application deadline: 1 June, 2021 (Tuesday) 11.59 PM SAST.**

Application Form

Interested applicants should complete all sections of the application form:

- Have an official representative of your organization sign **Annex 1: Declaration Letter**;
- Answer all questions in the application form in **Annex 2: Concept Note**;
- Provide a basic budget for their activities in **Annex 3: Workplan and Budget**; and
- Provide supporting documents in **Annex 4: Supporting Documents** (certificate of registration, certificate of compliance with the tax authorities, etc).

All annexes must be completed in order for the application to be reviewed! These questions cover all the information USAID WEER needs to know to shortlist applicants and no additional documentation or proposal documents are allowed. All applications should be completed in English.

Applicants are advised to start compiling their supporting documents early since they may take time to receive from your headquarters office and scan.

Submitting Questions

Anyone with questions about the Innovation Prize process or application should email EswatinInnovationPrize@grameenfoundation.org with the email subject Women's Financial Inclusion Innovation Prize.

Application Selection Process

All Innovation Prize applications received will go through the following three-step selection process:

- 1) **Application Pre-Screening:** USAID W-GDP WEER pre-screens all applicants to confirm they meet the eligibility criteria and have submitted complete applications, and have demonstrated the previous ability to reasonably carry out what they have proposed in their applications.
- 2) **Short-listing:** An Advisory Committee comprised of impartial technical experts in the financial services sector reviews and shortlists most promising applications. To ensure transparency, the names of applicant organizations will be removed from all reviewed applications and no one whose organization is eligible to apply for the Prize will be a member of the Advisory Committee.
- 3) **Final Selection:** Final selection of Prize winners will be completed by Grameen technical teams.
- 4) **Signing Award Agreements:** Selected Prize winners will sign a 12-month performance-based agreement with Grameen Foundation to implement the selected Innovation. In case a Prize winner fails to sign the agreement, Grameen will select the next highest-scoring application to receive the Prize.

Innovation Prize Selection Criteria

Broadly, USAID WEER selects applications based on their Impact, Innovation, Sustainability, and Scalability. These criteria and other detailed selection criteria are described in detail below.

Criteria	Description	Maximum Points
Technical Approach		
Impact	<ul style="list-style-type: none"> • The proposed financial product/innovation responds to the needs and constraints of women entrepreneurs for financial services for business, as described in the Financial Ecosystem Gap Analysis and other relevant evidence. • The proposed financial product/innovation will have a significant positive impact on the financial health and resilience of women entrepreneurs and their businesses. • The proposed financial product/innovation will have a significant positive impact on the earning potential and size of women's businesses. 	15
Innovation	The financial product/innovation is something new that has not been implemented before in the Eswatini market. Or has not been piloted at sufficient scale.	15
Scalability	<ul style="list-style-type: none"> • The proposed financial product/innovation will benefit a large number of women entrepreneurs in Eswatini either during the funded project period or afterwards. • The proposed financial product/innovation has the potential to develop a viable business model for scaling over time. 	15
Sustainability	<ul style="list-style-type: none"> • The proposed financial product/innovation will continue to be available to users after the project period. • The proposed financial product/innovation will continue to be used after the project period. • The applicant organization has demonstrated the ability and willingness to sustain financial products after donor-funded pilot periods in the past. 	15

Criteria	Description	Maximum Points
Project Design	<ul style="list-style-type: none"> The proposed project approach/methodology is well thought-out, highly feasible and likely to succeed in the local context. 	10
Organizational Capacity		
Experience	The applicant/consortium of applicants has implemented similar Financial Products/Innovations in the past, and has the knowledge, experience and skills to address challenges that may arise in project implementation effectively.	15
Organizational Footprint	The applicant/consortium of applicants have the combined management, technology, financial and infrastructure resources to carry out the project they proposed to do.	15
Cost Evaluation		
Value for money	The project demonstrates sound value for money. Costs for all activities are reasonable based on general market rates in Eswatini. The amount of staff included on the project budget is reasonable based on the activities proposed. The items included in the project budget are useful to achieve the project's goals and objectives.	Pass/Fail

Minimum requirements for proposal to be evaluated

All Innovation Prize applications received will go through the following three-step selection process:

- Complete Application Form, including the 'Declaration Letter' duly signed by the applicant's legal representative;
- The strategy and project objective proposed by the applicant are aligned to the USAID W-GDP WEER objective which is about building inclusive digital economies so that underserved women micro-entrepreneurs can access a range of financial and non-financial services in order to become active participants in their local economies;
- Application proposes a clear methodology, plan and project team.